Calendar No. 37

98TH CONGRESS, 1st Session } SENATE { REPORT No. 98-19

RESOLUTION DISAPPROVING DEFERRAL OF BUDGET AUTHORITY

(DEFERRAL NO. D83-36)

DEPARTMENT OF AGRICULTURE

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

MARCH 8 (legislative day, MARCH 7), 1983.—Ordered to be printed

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Mr. COCHRAN, from the Committee on Appropriations, submitted the following

REPORT

[To accompany S. Res. 18]

The Committee on Appropriations, to which was referred the resolution (S. Res. 18), disapproving the deferral of certain budget authority (D83-36) relating to the Dairy Indemnity program administered by the Agricultural Stabilization and Conservation Service of the U.S. Department of Agriculture, which is proposed by the President in his message of January 6, 1983, transmitted under section 1013 of the Impoundment Control Act of 1974, reports the same to the Senate with the recommendation that the resolution be passed and submits the following explanation of its recommendation.

SUMMARY

This impoundment resolution disapproves the proposed deferral of budget authority. It is reported by the Appropriations Committee under the provisions of title X of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), July 12, 1974.

S183-3

DEPARTMENT OF AGRICULTURE

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

DAIRY INDEMNITY PROGRAM

Deferral No.: D83–36 *Date proposed: January 6, 1983*

Available new budget authority	$7,000,000
Available other budget authority	
Proposed deferral for part of year	7,000,000
Proposed deferral for entire year	

Presidential rationale for proposed deferral: The dairy indemnity program compensates dairy farmers and dairy product manufacturers who, through no fault of their own, suffer losses caused by removal of milk or milk products from the market because of chemical contamination or nuclear radiation or fallout. The funds being deferred were provided to address a problem that is of limited scope and that developed subsequent to the transmittal of the fiscal year 1983 budget to the Congress. Hawaiian dairy farmers and manufacturers suffered losses due to contamination. The source of the contamination has been identified, and recourse is being sought by several damaged parties through the courts.

In addition, a number of legal questions regarding eligibility would have to be resolved before any claims could be approved for payment. The complex structure of milk marketing in Hawaii has made it extremely difficult to determine which milk is eligible for payment. To date, no claims have been certified for payment.

Accordingly, the situation will be monitored to determine whether or not the $7,000,000 provided by this appropriation is needed for the purposes intended later in the fiscal year. Consequently, any indemnity to dairy farmers and manufacturers for fiscal year 1982 losses in Hawaii under the dairy indemnity program will be delayed for part of the fiscal year.

Committee recommendation and rationale: The Committee recommends that the proposed deferral be disapproved. During its consideration of supplemental appropriations bills for fiscal year 1982, the Committee did not recommend an appropriation under the dairy indemnity program, because questions regarding liability and the amount of the potential indemnity had not yet been resolved by the Department of Agriculture. However, when the Department made the determination in August 1982, that dairy farmers in Hawaii are eligible for payments under this program, the Committee recommended, and the Senate adopted, a $7,000,000 appropriation. This provision became law on December 18, 1982, when the President signed the Agriculture, Rural Development, and Related Agencies Appropriations Act for fiscal year 1983 (Public Law 97–370).

It is the position of the Committee that pending litigation is not a valid ground for withholding indemnity payments under the program. Producers who qualify for payments could possibly go bank-

rupt while awaiting relief through litigation that might take years to complete. This protective rationale is at the very heart of the program's intent. To insure that "double payment" does not occur, program regulations require that a recipient of indemnity payments reimburse the Government if he is subsequently awarded damages in a civil suit.

The Committee finds no relevance in the argument for deferral of funds on the basis that the problem in Hawaii is limited in scope and that it developed subsequent to the transmittal of the fiscal year 1983 budget. The pending situation in Hawaii is precisely the type of emergency that the dairy indemnity program was created to address.

It is further the Committee's view that the question of general eligibility of the Hawaii claims has been resolved by the certification of the Agricultural Stabilization and Conservation Service (ASCS) that the contaminated Hawaiian milk meets program eligibility requirements. Additionally, the Committee notes that the claims procedure recently announced by the ASCS should adequately address any concern with respect to which milk or parties are eligible for payment.

The Committee has been advised that final applications for indemnification are expected to be filed with the ASCS by 13 individual farmers and 2 processors by February 28, 1983. To avoid any further delay which may do irreparable harm to Hawaii's milk industry, it is the Committee's recommendation that the entire $7,000,000 be made available immediately to the ASCS to indemnify claimants once applications are processed.

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Calendar No. 38

98TH CONGRESS } SENATE { REPORT
1st Session } { No. 98-20

RESOLUTION DISAPPROVING DEFERRAL OF BUDGET AUTHORITY

(DEFERRAL NO. D83-43)

DEPARTMENT OF COMMERCE

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

MARCH 8 (legislative day, MARCH 7), 1983.—Ordered to be printed

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Mr. LAXALT, from the Committee on Appropriations, submitted the following

REPORT

[To accompany S. Res. 49]

The Committee on Appropriations, to which was referred the resolution (S. Res. 49), disapproving the deferral of certain budget authority (D83-43) relating to the Economic Development Administration, which is proposed by the President in his message of February 1, 1983, transmitted under section 1013 of the Impoundment Control Act of 1974, reports the same to the Senate with the recommendation that the resolution be passed.

SUMMARY

This resolution disapproves the proposed deferral of budget authority. It is reported by the Appropriations Committee under the provisions of title X of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344).

S183-4

DEPARTMENT OF COMMERCE

Economic Development Assistance Programs

Deferral No.: D83–43 *Date proposed: February 1, 1983*

New budget authority (Public Law 97–377)	$163,500,000
Other budget authority (by transfer)	30,000,000
Proposed deferral for part of year	181,900,000
Proposed deferral for entire year	

Presidential rationale for proposed deferral: The objectives of the Economic Development Administration (EDA) are to assist economically distressed areas and to deal with problems of economic adjustment. Aid provided includes grants, loans, and loan guarantees.

Consistent with the administration's objective to restrain Federal expenditures, this deferral action is being taken pending congressional action on a proposed supplemental to transfer $158,500,000 to the Small Business Administration to honor commitments to purchase defaulted guaranteed loans made in previous years and to transfer $23,400,000 to the Economic Development Revolving Fund for defaults, interest payments to the Treasury and care and protection of collateral.

EDA's programs have not been effective in creating net new development and jobs and, consequently, EDA funds are being recommended for transfer to meet higher priority needs.

Committee recommendation and rationale: The Committee recommends that the proposed deferral be denied. Public Law 97–377 included $198,500,000 for EDA programs in fiscal year 1983 and it is the Committee's opinion that the intent of Congress has not changed since passage of the continuing resolution. It is expected that these funds will be obligated in a timely manner following the overturning of the deferral and that the Department of Commerce will closely monitor the condition of the Economic Development Revolving Fund.

Dissenting views of Senator Laxalt: I am opposed to this resolution, since I agree with the administration that the Economic Development Administration is not cost effective and does not enhance economic development. True economic recovery is dependent on the incentives provided to the private sector. Government spending on such programs only adds to the deficit and robs private investors of a larger portion of available credit.

I also wish to add that approval of this resolution does not prejudice any action we may take on the EDA budget for fiscal year 1984.

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